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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION  
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IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS AGUA FRIA WATER DISTRICT, HAVASU WATER DISTRICT, MOHAVE WATER DISTRICT, PARADISE VALLEY WATER DISTRICT, SUN CITY WEST WATER DISTRICT AND TUBAC WATER DISTRICT.

DOCKET NO. W-01303A-08-0227

SW-01303A-08-0227

DECISION NO. 71410

NOTICE OF COMPLIANCE FILING

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Decision No. 71410, issued on December 8, 2009, states that the Company provide water loss information for Havasu Water District and Mohave Water District. In compliance with this decision, on July 30, 2010, Arizona-American Water Company filed Water Loss reports for both districts as well as the Company's plan to reduce water loss to less than 10 percent. The Company has since met with Staff periodically to review this plan and provide supplemental information. The Company is hereby filing the attached supplemental information which has already been provided to Staff.

RESPECTFULLY SUBMITTED on November 18, 2010.

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Arizona Corporation Commission  
DOCKETED

NOV 18 2010

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1 Original and 13 copies **filed**  
2 on November 18, 2010, with:  
3

4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007  
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9 Copies of the foregoing **emailed**  
10 on November 18, 2010 to:  
11

12 Brian K. Bozzo  
13 Compliance and Enforcement Manager  
14 Utilities Division  
15 1200 West Washington Street  
16 Phoenix, AZ 85007

2010

UNACCOUNTED FOR WATER -  
MONTHLY ACTIVITY REPORT  
Mohave District

Jan Feb Mar Apr May June July Aug Sept Oct Nov Dec Total

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Leak Detection													
Employee identified leaks													
Acoustic Leak Detection													
Feet of main surveyed	0	0	15500	21199	21595	4856	2617	6025					71792
Possible leaks detected	0	0	2	9	16	0	0	0					27
Leaks confirmed	0	0	1	1	3	0	0	0					5
Leaks repaired	0	0	1	1	3	0	0	0					5
Zero Consumption Investigation													
Zero Consumption orders issued	714	237	313	601	332	265	529	282					3273
Number meters checked	713	237	312	595	329	265	526	280					3257
Number meters stuck	31	15	14	22	10	17	12	23					144
Number meters replaced	59	39	86	63	29	38	38	251					603
Service Line Breaks													
Number leaking and repaired	61	59	83	58	77	84	94	79					595
Number leaking and replaced	21	12	22	17	25	37	39	20					193
Radio Read Meter Replacement													
Number of meters													15831
Number of radio meters set YTD	999	1018	1121	1204	1247	1300	1329	1423					1423
Total number of AMR meters in system													2056
Large Meter Testing & Replacement													
Large Meter (>= to 3") in system	14	14	14	14	14	14	14	14					15
Large Meters tested	0	0	0	0	0	0	0	0					15
Large meters failed test	0	0	0	0	0	0	0	0					
Large meters replaced	0	0	0	0	0	0	0	0					
Production Meter Testing													
Production Meters in system	18	18	18	18	18	18	18	18					18
Production Meters Tested													
Internal Data Consistency													
Routes checked for proper sales mapping	0	0	0	0	0	0	0	3					3
Discrepancies found	0	0	0	0	0	0	0	0					0

UNACCOUNTED FOR WATER -  
MONTHLY ACTIVITY REPORT  
Mohave 08-032

2010

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	Notes
Leak Detection														
Employee identified leaks														
Acoustic Leak Detection														
Feet of main surveyed	0	0	0	21199	21595	4856	0	6025	0	0			53675	There are 199 miles of main total in system
Possible leaks detected	0	0	0	9	6	0	0	0	0	0			15	
Leaks confirmed	0	0	0	0	3	0	0	0	0	0			3	
Leaks repaired	0	0	0	0	3	0	0	0	0	0			3	All detected leaks are investigated
Zero Consumption Investigation														
Zero Consumption orders issued	694	219	306	578	314	252	510	269					3142	
Number meters checked	694	219	306	578	314	252	510	269					3142	
Number meters stuck	31	15	14	21	10	17	12	22					142	
Number meters replaced	59	39	86	62	27	38	37	247					595	Meter changes done by condition, age, and safety factors
Service Line Breaks														
Number leaking and repaired	47	49	70	45	63	68	72	91					505	
Number leaking and replaced	13	8	11	9	11	24	26	15					117	
Radio Read Meter Replacement														
Number of meters	14,368	14,374	14,376	14,86	14,392	14,343	14,340	14,329					14,329	
Number of radio meters set YTD								595					595	
Total number of AMR meters in system													1720	
Large Meter Testing & Replacement														
Large Meter (>= to 3") in system	13	13	13	13	13	13	13	13					13	
Large Meters tested	0	0	0	0	0	10	2	0					12	
Large meters failed test	0	0	0	0	0	9	0	0					9	Replacement meters on order
Large meters replaced	0	0	0	0	0	0	0	0					0	
Production Meter Testing														
Production Meters in system	8	8	8	8	8	8	8	8					8	Testing scheduled for 8 November
Production Meters Tested													0	
Internal Data Consistency														
Routes checked for proper sales mapping	0	0	0	0	0	0	0	0					0	
Discrepancies found	0	0	0	0	0	0	0	0					0	

2010

UNACCOUNTED FOR WATER - MONTHLY ACTIVITY REPORT  
Camp Mohave

Notes

Total

Dec

Nov

Oct

Sept

Aug

July

June

May

Apr

Mar

Feb

Jan

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	Notes
Leak Detection														
Employee identified leaks	0	0	0	0	0	0	0	0	0	0	0	0	0	
Accoustic Leak Detection														
Feet of main surveyed	0	0	0	0	0	0	0	0	0	0	0	0	0	
Possible leaks detected	0	0	0	0	0	0	0	0	0	0	0	0	0	
Leaks confirmed	0	0	0	0	0	0	0	0	0	0	0	0	0	
Leaks repaired	0	0	0	0	0	0	0	0	0	0	0	0	0	
Zero Consumption Investigation														
Zero Consumption orders issued	2	2	1	1	5	3	0	4	1				18	
Number meters checked	2	2	1	1	5	3	0	4	1				18	
Number meters stuck	0	0	0	0	1	0	0	0	0				1	
Number meters replaced	0	0	0	0	0	0	0	0	0				0	
Service Line Breaks														
Number leaking and repaired	0	0	0	0	0	0	0	2	1				3	
Number leaking and replaced	0	0	0	0	0	0	0	0	0				0	
Radio Read Meter Replacement														
Number of meters	77	78	79	79	82	82	78	78	79				79	
Number of radio meters set YTD														
Total number of AMR meters in system													9	
Large Meter Testing & Replacement														
Large Meter (>= to 3") in system	0	0	0	0	0	0	0	0	0				0	
Large Meters tested	0	0	0	0	0	0	0	0	0				0	
Large meters failed test	0	0	0	0	0	0	0	0	0				0	
Large meters replaced	0	0	0	0	0	0	0	0	0				0	
Production Meter Testing														
Production Meters in system	1	1	1	1	1	1	1	1	1	1			1	
Production Meters Tested													1	
Internal Data Consistency														
Routes checked for proper sales mapping	0	0	0	0	0	0	0	0	0				0	
Discrepancies found	0	0	0	0	0	0	0	0	0				0	

Flushing is being conducted to mitigate water quality issues with secondary contaminants

UNACCOUNTED FOR WATER - MONTHLY ACTIVITY REPORT  
Lake Mohave

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	Notes
<b>Leak Detection</b>														
Employee identified leaks														
Acoustic Leak Detection														
Feet of main surveyed	0	0	15500	0	0	0	0	2617					18117	26,558 total linear feet in system
Possible leaks detected	0	0	2	0	0	0	0	0					2	
Leaks confirmed	0	0	1	0	0	0	0	0					1	
Leaks repaired	0	0	1	0	0	0	0	0					1	
<b>Zero Consumption Investigation</b>														
Zero Consumption orders issued	3	11	1	9	10	10	2	6	3				45	
Number meters checked	3	11	1	9	10	10	2	6	3				45	
Number meters stuck	0	0	0	0	0	0	0	0	0				0	
Number meters replaced	0	0	0	0	0	0	0	0	0				0	
<b>Service Line Breaks</b>														
Number leaking and repaired	1	0	0	1	0	0	0	0	0				2	
Number leaking and replaced	0	0	0	1	1	0	0	0	0				2	
<b>Radio Read Meter Replacement</b>														
Number of meters	267	268	266	266	269	265	265	263	263				263	100% of all customer meters have been replaced
Number of radio meters set YTD	0	0	0	0	1	0	0	0	267				269	
Total number of AMR meters in system													263	
<b>Large Meter Testing &amp; Replacement</b>														
Large Meter (>= to 3") in system	0	0	0	0	0	0	0	0	0				0	
Large Meters tested	0	0	0	0	0	0	0	0	0				0	
Large meters failed test	0	0	0	0	0	0	0	0	0				0	
Large meters replaced	0	0	0	0	0	0	0	0	0				0	
<b>Production Meter Testing</b>														
Production Meters in system	2	2	2	2	2	2	2	2	2				2	Meters on order for replacement
Production Meters Tested													2	
<b>Internal Data Consistency</b>														
Routes checked for proper sales mapping	0	0	0	0	0	0	3	0	0				3	
Discrepancies found	0	0	0	0	0	0	0	0	0				0	







UNACCOUNTED FOR WATER - MONTHLY ACTIVITY REPORT  
Lake Havasu

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	Notes
<b>Leak Detection</b>														
Employee identified leaks														
Acoustic Leak Detection														Acoustic leak detection in process
Feet of main surveyed	0	0	0	0	0	0	0	0	0					
Possible leaks detected	0	0	0	0	0	0	0	0	0					
Leaks confirmed	0	0	0	0	0	0	0	0	0					
Leaks repaired	0	0	0	0	0	0	0	0	0					
<b>Zero Consumption Investigation</b>														
Zero Consumption orders issued	95	41	14	49	38	27	43	37	37				344	
Number meters checked	95	41	14	49	38	27	43	37	37				344	
Number meters stuck	5	3	2	0	2	2	2	2	2				17	
Number meters replaced	20	52	117	6	3	5	8	56					267	Meter changes done by condition, age, and safety factors
<b>Service Line Breaks</b>														
Number leaking and repaired									5				5	
Number leaking and replaced									0				0	
<b>Radio Read Meter Replacement</b>														
Number of meters													1609	
Number of radio meters set YTD	222	242	294	411	417	420	425	433	433				433	
Total number of AMR meters in system													433	
<b>Large Meter Testing &amp; Replacement</b>														
Large Meter (>= to 3") in system	6	6	6	6	6	6	6	6	6				6	
Large Meters tested	0	0	0	0	0	0	0	0	0				6	Replacement meters on order
Large meters failed test	0	0	0	0	0	0	0	0	0				5	on order
Large meters replaced	0	0	0	0	0	0	0	0	0					
<b>Production Meter Testing</b>														
Production Meters in system	3	3	3	3	3	3	3	3	3				3	1 replacement on order
Production Meters Tested	0	0	0	0	0	0	0	0	0				3	order
<b>Internal Data Consistency</b>														
Routes checked for proper sales mapping	0	0	0	0	0	0	0	0	0				0	
Discrepancies found	0	0	0	0	0	0	0	0	0				0	

**ATTACHED NARRATIVE**

We have been focusing our acoustic leak detection efforts in our oldest parts of our system that have the highest non-account water ratios. In the case of the Bullhead and Havasu Districts that means we have been focusing on the Mohave 08-032 system, Lake Mohave 08-062 system, and the Havasu 08-015 system. We have two acoustic leak detection devices and one is deployed in Bullhead City with the other in Lake Havasu City. While the acoustic leak detection efforts have located some, leaks the total amount we are seeing is not very significant. To date we have surveyed approximately 15 miles of main and have detected only 5 actual leaks. In spite of these numbers we will continue our leak detection efforts until we have surveyed all of the mains in the PWS where non-account water is an issue.

In addition to the leak detection efforts we have also been aggressive in implementing a large customer meter and production meter testing program. We currently test all production meters on an annual basis and, depending on the results, we either calibrate or replace meters that are out of specification. We also test and repair or replace all customer meters 3 inches or greater on an annual basis. The results of this effort are reflected on the data sheets of the attached file and show that progress in being made in ensuring these large meters operating correctly.

In our Desert Foothills system we have really been hit hard by service line breaks. This system is relatively new with construction having begun on 1994 and current build-out being achieved within the last 3 years. The service line failure rate for this year alone has been approximately 18% of the total service lines being replaced this calendar year. Prior year numbers have been on the same magnitude. The service line failures have been attributed to faulty material and we were able to obtain a small reimbursement from the manufacturer. As we have contacted the manufacturer as the scope and degree of problem grows the manufacturer has not been responsive and is denying responsibility.

In our Lake Mohave system we have replaced all customer meters with new radio read meters. We are anticipating that changing the aged customer meters in this older system will positively impact non-account water levels. We are also replacing an aged storage tank in this system and would expect that will bring further improvement to the non-account water ratio.

Our Gateway system is an actual truck stop and fueling center at the intersection of SR 95 and I-40. There is an undeveloped commercial area but there are no meters. There are approximately 20 fire hydrants and we were experiencing water theft from hydrants that are located in low lying areas. We have locked those hydrants but suspect that with the remote and transient nature of this system that theft is likely occurring at the other hydrants as well. As such we have ordered locks for all hydrants and expect them to be installed immediately upon receipt.